

A STUDY OF INDUSTRIAL DEVELOPMENT OF AMBARNATH ZONE

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ABSTRACT

Industrial growth and development plays a major role in the progress of a country. Industrialization enables the country to become developed, raise National Income, standard of living, and remove unemployment and poverty. Industrialization therefore, plays an important role for a developing country like India. The paper tries to analyse the role played by MIDC in the industrial development of Maharashtra State with particular reference to Ambarnath MIDC Zone. It tries to identify the reasons for causes and success of industrial units in Ambarnath MIDC Zone. The researcher tries to analyse these factors mainly depending on primary data. Research paper tries to provide some suggestions to the industrial units. If the problem of sickness are properly studied and adequate measures are taken to eliminate the sickness, the Nation will make a stringent industrial progress.

KEYWORDS: Ambarnath MIDC Zone, Entrepreneurs, Infrastructure, Sick Industrial Units

INTRODUCTION

Industrial growth and development plays a major role in the progress of a country. Industrialisation serves the role of a catalyst that transforms agriculture, construction, transport and other service industries into highly productive sectors, hence may be regarded as a fundamental component of economic development. Rapid economic development can be achieved if industrialization is carried on sound lines. The Government of India emphasized on the development of industries right from the First Five Year Plan i.e. 1951-56. Industrialization enables the country to become developed, raise National Income, standard of living, and remove unemployment and poverty. Industrialization therefore, plays an important role for a developing country like India.

However, India has to go a long way to achieve balanced regional industrial development, even though some progress has been made over the years in industrial development.

OBJECTIVES

The objective of the proposed study will be:

1. To analyse the role of MIDC in industrial development in general and of the areas of study in particular
2. To identify the causes of success and failures of the industrial units in MIDC Areas of Thane District with special reference Ambarnath MIDC Area.
3. Suggest remedial measures to correct sickness of the industries in general and in particular for the selected units in the areas of study with special reference to Ambarnath MIDC Area.

METHODOLOGY

The study is based on the data collected from primary and secondary sources. More reliance will be given on the primary data, as it will constitute the major thrust area to collect reliable complete and first hand information about success and failures of industrial units in the areas under study with special reference to Ambarnath MIDC Area. To test the

objectives, field study was conducted wherein a combination of direct approach, comprising of questionnaire aided interviews, discussions and observational techniques was followed.

EVOLUTION OF MIDC

After India's independence in 1947, independent Princely States of Central joined the Indian Union. In 1956, Bombay State came into existence which emerged the Princely States of Central India into Bombay Presidency. Maharashtra was formed on 1st May 1960 carved out of the Marathi speaking territory of erst while Bombay State. After the formation of Maharashtra State on May 1st, 1960, the Government of Maharashtra constituted a Board of Industrial Development (BID) on May 1st, 1960, under the Chairmanship of Shri Barve, I.C.S. The various committees recommendations received in the industrial department were taken up for implementation as per the Borkar committee recommendations, development of Ulhas Valley water supply was entrusted to the Board of Industrial Development. The BID framed the legislation and passed in the form of "Maharashtra Industrial Act" which gave birth to MIDC. The BID was the first personnel strength of MIDC.

A small ceremony at Wagle Estate Thane, Under the Chairmanship of the Chief Minister Shri.Y.B. Chavan marked the birth of MIDC on August 1st 1962. The BID during its existence between October 1st 1960 to August 1st 1962 has done enough ground work to identify the locations for setting up industrial areas in different parts of the State. Thus, right in the first year of establishment MIDC has come up with 14 industrial areas, to initiate action for infrastructure and help entrepreneurs set up industrial units in those areas. The important policy decision of setting up of independent filtered/potable water supply of adequate capacity as essential infrastructure for industrial development was the most intelligent step taken by MIDC right in the beginning. It stabilised the population base near the industrial areas.

The strategically wise decision simultaneously taken to provide water supply to nearby domestic population from the capabilities created by MIDC of their own water supply system resulted in a phenomenal urban growth in the near by small towns and villages. The growth of Kalyan Complex and Pimpri- Chinwad are the result of key policy decision taken by MIDC. MIDC vision statement is, "A Solid base for Industry in Maharashtra". It is an Rs.600cr. broad managed corporation of the Government of Maharashtra. The MIDC has achieved the objective of establishing at least one industrial area in each districts of the State. It has been the endeavour of MIDC to provide basic infrastructure facilities like roads, streetlights, water supply, drainage and other incidental facilities. The State Government has appointed MIDC as a Nodal Agency for the implementation of the schemes for development of industrial areas announced by the Central and State Governments. The MIDC has played a pioneering role in spearheading industrial growth of the State. The MIDC has been declared an agent of the State Government for carrying out activities within the framework of the MID Act and the MID Rules.

The Activities of MIDC

The activities can be divided under the following three broad activities, acquisition and disposal of land, provision of infrastructural facilities and provision of services. The Maharashtra Government acquires the land required for industrial areas under Chapter of MID Act, 1961 and hands it over to the MIDC for further disposal. Likewise, wherever, available, Government land is also handed over to the Corporation as an industrial area. The MIDC disposes the land in the form of plots by keeping them out for 95 years.

It recovers the premium lease money at different rates for industrial areas. Also the MIDC constructs built-up accommodation like sheds and flatted units and gives them to prospective industrialists, together with the land on a lease basis. As on March 31st it planned to acquire 87,633.76 hectares of land of which 52,222.57 hectares has already come into

possession. The MIDC is required to provide infrastructure facilities such as roads, streetlight, drainage and water supply and buildings for Post and telegraphs offices, canteens and bank and telephone exchanges. It meets the expenditure on such facilities generally from the premium lease money received by the allottees. The industrial area after it is fully developed should be returned to the Government or handed over to such agency or authority as the State Government may direct, after striking out the account of the industrial area concerned.

The surplus or deficit generated out of such operation is to be returned to or recovered from the State Government, as the case may be. The power to fix the rates of land for different industrial areas rests with the MIDC. Since it is the aim of the Government and the MIDC to achieve balanced development of the entire State with special emphasis on the development of backward region, the MIDC follows a cross- subsidization of rate structure on the zones pattern, in that rates of land premium in developed and semi developed parts of the State are higher than the rates of developing and backward regions.

From among the various services provided by MIDC like assured water supply, maintenance of industrial areas, drainage schemes, assured water supply can be regarded as a specialty. The investment in water supply schemes (head works) made by the MIDC as on March 31st 2002, is over Rs. 731.30 Crores with installed capacity to supply of 1941 million liters a day. The annual revenue from the water is over Rs 375.96 crores.

Water Supply System Created by MIDC

Total Installed Capacity of the System	1940 MLD
Current utilization	1286 MLD
Number of schemes	69
Number of dams	05
Length of water pipe lines	2864 kms.

Source: www.midcindia.org/ind-areas

Maintenance of municipal area is a municipal function requiring MIDC to maintain roads, streetlights and fire stations (in a few areas) during the transitory period up to handing over the industrial area either to the Government or to an agency the Government may decide.

The MIDC has effluent disposal (drainage) schemes only in select industrial areas having chemical industries. Such schemes are designed only to collect and discharge the treated effluent. In such areas, it covers a drainage cess to defray the expenditure on maintenance and to recover partially the capital cost. Also with a view to arresting pollution it has started hazardous waste management and common effluent plants on a joint venture basis with the help of local industrial associations. With both the State Government and the MIDC taking a proactive role in supporting diversified industrial development, Maharashtra manages to retain its status as the engine of Indian industrial growth.

Advantages of Entrepreneurs in Setting up Industries in MIDC Area

The entrepreneurs have numerous advantages when he takes a plot of land in any of the industrial areas of MIDC which are as follows:

- 1) A plot in recognized industrial zone with approach road facility.
- 2) Location in a well laid out industrial neighbourhood.
- 3) Plots of different sizes to meet the requirements of different industries.
- 4) Reasonable premium rates in the developed areas and subsidized rates in the developing areas with a guarantee of clear title.

- 5) No separate non-agriculture (NA) permission or zoning clearance is necessary.
- 6) Adequate filtered water supply is assured.
- 7) MIDC industrial area will not be included within the limit of Municipal Council at least for 25 years.

Infrastructure in MIDC

- 1) **Built up sheds:** MIDC has taken care of small entrepreneurs. If the waiting period between the allotment of land and commencement of production is reduced, the small entrepreneur is benefited immensely. Keeping this in mind, MIDC has taken up construction of building consisting small- size galas. These ready to install machinery galas received instant acceptance. They are always in great demand. Since its inception MIDC has constructed over 3,891 sheds and over 813 galas in industrial areas.
- 2) **Water supply:** Water is considered to be the most essential factor for development of industry. In fact, for certain industries water is the major raw material. MIDC has shouldered great responsibility in this matter. Water supply has been arranged round- the clock without any interruption. While selecting the site for a new area, carries out an investigation regarding confirmed and reliable water supply before proceeding with the development activities of the area. MIDC has executed 70 water supply schemes so far. The capacities of the water supply schemes executed by MIDC are ranging from 1, 20,000 liters per day 450 million liters per day.

It is a matter of pride that MIDC has executed Barvi, Dhule, Murbad and Ransai water supply schemes where construction of dams was also involved. The total outlay of these four schemes alone is to the tune of Rs.75.50 crores.

MIDC has executed Mahad water supply scheme costing Rs. 45.50 crores, where a dam has been completed in consultation with Central Design Organisation, Nashik. Apart from supplying water to industry as a part of its activities, MIDC has undertaken water supply schemes in many residential areas on humanitarian grounds. This put up additional responsibility on MIDC. Thane, Kalyan, Dombivli, Ulhas, Navi Mumbai, Panel, Pimpri-chinwads, Ahmednagar, New Aurangabad and Sangli are some of the towns benefited by the water supply schemes of MIDC. MIDC has so far completed water supply schemes with capital investment of Rs. 543 crores and created an installed capacity of 1932 million liters per day.

- 3) **Roads for internal transport:** Network of good internal roads is one of the infrastructural facilities provided by MIDC in all the industrial areas. Immediately after the layout of the area is prepared, work of construction of roads in the area is taken up. Annual maintenance of these neatly designed and smoothly asphalted roads with streetlights are looked after by MIDC. The total length of the roads constructed by MIDC is 2,235 kms.
- 4) **Common Amenities:** With the objective of making basic facilities available at the neighbourhood, MIDC provides every industrial area with an accommodation for utilities like post office, telephone exchange, telex change, hospital and dispensaries, canteen, shops, police stations etc. Some of these facilities are accommodated in one building known as Common Facility Centre (CFC). Depending on the scope and size, separate plots are made available, if required for accommodating these activities. MIDC also provides land for ESIS Hospitals and it is within MIDC areas wherever needed.
- 5) **Deposit Contribution Work (DCW):** The technical and administrative skill and expertise acquired by MIDC while implementing various projects are being utilized for undertaking prestigious jobs. MIDC implements such schemes on behalf of the State Government, the Central Government and the Semi Government Organisations on

deposits contribution basis. So, far major schemes completed by MIDC are Film City, SEEPZ, DIC building, sheds for SICOM projects, Udyog Bhavan building at Pune (now NIC building), Nagpur, Kolhapur and Sangli, LORCOM, Aurangabad and go down for oil mills at Parbhani, Hingoli and Gnagakhed , IGTR Aurangabad, Enron works, GAIL etc.

In addition, construction of Gems and Jewelry building in SEEPZ complex and tool room at Aurangabad has also been completed. Government of India has selected MIDC for offering consultancy to Bhutan for setting up industrial area. With the time, MIDC has extended its scope of activates by including many other things such as providing police station with staff quarters, fire station with staff quarters and fire tenders, truck terminals, commercial plots, petrol pump plots etc.

The Industrial Policy of the State has classified all Talukas in the State into A, B, C, D, D+ groups. Further, some districts are classified as No Industry Districts (NIDS).As such all industrial areas, which come under a particular talkua, were assigned the classification / group of that Taluka. The classification indicates the level of development.

Different Categories of Areas in Thane District in Group A, B, C, D, D+ and NIDS.

MIDC Industrial Areas in Thane (Group)

Group	Areas
A	Comprising the developed area, viz, Mumbai Metropolitan Region (MMR) and Pune Metropolitan Region (PMR)
B	Comprising of some areas where some development has taken place
C	Comprising the areas, which are less developed than those at Group B
D	Comprising the lesser-developed areas of the State not covered under Group A/ Group B/ Group C
D+	Comprising those least developed areas not covered under Group A/ Group B/ Group C/ Group D
No Industry District	As may be specified by Government.

Source: Compiled from the office records of MIDC

Profile of Ambarnath

Ambarnath industrial area is in the heart of an industrial hub. Skilled manpower as well as labour is easily available. The region is well exposed to industry and is therefore productivity oriented. These areas are well connected to Mumbai by the suburban rail network. The road network links it to Mumbai and other major markets and cities. Air port and sea port are only 60 to 75 kms. away ensuring convenient access for airfreight and travel. The area is approachable from Kalyan by road and Ambarnath railway station on Mumbai- Pune rail route. Many schools, colleges, banks commercial complexes, hospital and other amenities are a part of life of people residing in Ambarnath for many years now. The industrial estates are well connected by telecom facilities within India and outside. Industrial development in Ambarnath area of Thane district in Maharashtra has taken place during the last 50 years. Industries started moving into this area by 1930. Up to 1962 industries grew unit wise and not in a planned manner. With the creation of MIDC in 1962 big industrial estates were established in these areas. Medium and small scale industries grew rapidly in these areas.

The following table gives different characteristics of Ambarnath MIDC area.

Ambarnath MIDC Industrial Area	
Total Area	231.48 hectares
Development cost	12 lakhs as on 05/99
Annual turnover	Rs. 7380 lakhs (1997-98)
Employment generated	2398 Nos 91997-98)

Source: MIDC Industrial Directory, 1999-2000

The Ambarnath industrial area was set up in the early 1960's. The area was taken by MIDC for development in the year 1965. About 231.48 hectares of land was acquired earlier for development of industrial, residential amenity and persons affected by projects. (PAP) The total area in possession of MIDC Ambarnath Industrial Area is 448.62 hectares. A schedule of plots carved out and allotted is given in the following table.

Plots Carved Out and Allotted in Ambarnath Industrial Area

S. No	Particulars	No. of plots carved out	Allotted
1	Industrial plots	315 (including shed)	315
2	Tea stalls	07	07

Source: MIDC Industrial Directory, 1999-2000, Ambarnath- Badlapur.

Additional Ambarnath Industrial Area

MIDC has plans to develop 507 hectares of land for Additional Ambarnath Industrial Area near Ambarnath. Out of 507 hectares of land, 503 hectares have come into MIDC possession. Out of this land in possession of MIDC, 125 hectares has been developed as engineering zone, 80 hectares each for knitwear complex and leather complex and 40 hectares for an institutional zone. The Export Promotion Industrial Park (EPIP) is a part of Additional Ambarnath Industrial Area and is spread over 80 hectares. The EPIP Knitwear Hosiery and Leather Units have been provided 30 hectares of land each, the remaining 20 hectares being allotted to other units.

There are approximately 350 industrial units in Ambarnath MIDC area. In this case, Ambarnath and Additional Ambarnath are considered together for the purpose of the present study. It is difficult to estimate the exact number of industrial units in the area at one particular time. However, the number of industrial units has been roughly classified into % in the following table.

Ambarnath MIDC Industry Breakup

S.No	Industry	%
1	Chemical	62
2	Engineering	22
3	Food processing	05
4	Textile dyeing	07
5	Services	02
6	Others	02

Source: MIDC Industrial Directory, Ambarnath Badlapur 1999-2000.

Any industrial units set up in these areas have huge potential for growth and prosperity. Basically they have three big advantages as far as setting up units in these areas are concerned; infrastructure provided by MIDC, easy availability of skilled, trained and unskilled labour and proximity to Mumbai. Timely awareness and corrective actions can lead to a bright industrial climate in these areas.

Causes of Sickness and Success of Industries in Ambarnath MIDC Area

Industrial sickness is very rampant in these areas and is a cause of concern to everyone concerned. In these areas not only is industrial sickness a grave problem but also it is increasing at an alarming rate. Based on the study undertaken in these industrial areas, the researcher's tries to analyse the problem of sickness in the areas as well as of the sample sick units. This will be extremely useful in understanding the problem of industrial sickness in these areas and especially of the samples number of units selected for the study. There are different perceptions concerning the cause of sickness in industries. The cause may be either internal or external .. Based on the study of these areas, sick sample units were

analysed and the researchers narrowed down on factors which were to a great extent responsible for industrial sickness. This was based on the analysis of the questionnaire filled for the purpose.

Type of Industry Chosen Among the Sample Sick Units

Industry	Number of Units
Chemical	05
Engineering	05
Leather	05
Textile	05
Total	20

The sample units are given equal preference to understand the overall scenario of sickness in these areas and not specifically to any industry. The industry climate of the area needed to be studied to get the pulse of the development of these industrial areas of MIDC. There are more chemical, engineering, pharmaceuticals and textiles units in these areas. Other units are electrical, plastics and food processing etc.

Major Factor causing sickness among sample sick units in Ambarnath MIDC Areas

S.No.	Factors	Units Total (N=20)	%
01	High prices of raw materials	18	90
02	Break down of plant and machinery	06	30
03	Power cuts/ shortage of power	18	90
04	Market Recession	15	75
05	High competition	18	90
06	Poor efforts of sales promotion	18	90
07	Lack of working capital	19	95
08	Low profit marking on sales	14	70
09	Burden of interest	05	25
10	Mismanagement of funds	14	79
11	Demand for high wages/ labour problems	16	80
12	Delay in disbursement of funds	12	60
13	Changes in Government policy	5	25

Source: Compiled from primary data.

Ranking of Factors of Sample Sick Units in Ambarnath

Sr.No.	Factors	Units Total (N=20)
01	High prices of raw materials	02
02	Break down of plant and machinery	07
03	Power cuts/ shortage of power	02
04	Market Recession	04
05	High competition	02
06	Poor efforts of sales promotion	02
07	Lack of working capital	01
08	Low profit marking on sales	05
09	Burden of interest	08
10	Mismanagement of funds	05
11	Demand for high wages/ labour problems	02
12	Delay in disbursement of funds	06
13	Changes in Government policy	08

Type of Industry Chosen Among the Sample Healthy Units

Industry	Number of Units
Chemical	05
Engineering	05
Leather	05
Textile	05
Total	20

Major Factors Causing Success Among Sample Healthy Units in Ambarnath MIDC Areas

S.No	Factors	Units Total (N=20)	%
01	Prudent use of finance	20	100
02	Curtailement of unproductive expenditure	18	90
03	Optimum utilization of resources	19	95
04	Proper management	18	90
05	Use of proper technology	18	90
06	Workers participation in decision making	14	70
07	Proper training to workers	18	90
08	Management and consultancy services	12	60
09	Strong working capital	20	100
10	Timely bank loans	20	100
11	Expansion of markets	18	90
12	Strong base equity capital	20	100

Source: Compiled from primary data

Ranking of Factors of Sample Healthy Units in Ambarnath MIDC Areas

S.No	Factors	Units Total (N=20)
01	Prudent use of finance	01
02	Curtailement of unproductive expenditure	03
03	Optimum utilization of resources	02
04	Proper management	03
05	Use of proper technology	03
06	Workers participation in decision making	04
07	Proper training to workers	03
08	Management and consultancy services	05
09	Strong working capital	01
10	Timely bank loans	01
11	Expansion of markets	03
12	Strong base equity capital	01

Based on the ranking given for each of the thirteen factors in Ambarnath MIDC area, correction action and comprehensive plans can be made by the concerned government authorities, financing institutions and more importantly by the unit itself. It will also help the new entrants and the healthy units to check where they could go wrong and protect them from the malady of sickness. Therefore, this list can act as a checklist for prevention of sickness in Ambarnath area. It can also act as a guideline for policy makers.

General Suggestions

Quality products are the essence of success of any business unit, therefore it is suggested that at no stage there should be compromise in quality. This will ensure good market for the product and regular customers. Develop strong customer base and not depend on a limited customers. Old and outdated tradition of book keeping and cost controls should be made redundant. Units should adopt cost effective tools and techniques such as computer, budgeting cost checks etc.

Maximum efforts need to be put in marketing their goods and services because even the best products require publicity. Management graduates from different educational institutions should be sent to work with the entrepreneurs of sick units as a part of their course in the final year of study. Entrepreneurial development institute needs to be set up in the MIDC areas at regional level to develop entrepreneurial and managerial skill among the owners/ managers of the industrial units. Finance needs to be handled with care and caution.

This requires lot of efforts, planning and vision by the entrepreneurs. Loans sanctioned by the financial institutions should be strictly used only for the purpose for which it is granted. Curtailing unwarranted expenditure will go a long way in maintaining good health of the unit. Harmony among the partners is necessary. A check on the business activities of each partner is necessary to prevent mismanagement and disputes later.

Up gradation of skills of the manpower is necessary. The entrepreneurs of the sick units must send their workers for training and development programme at regular intervals to different institutes set up for the purpose. This will help in arresting the incidence of sickness to a great extent.

Entrepreneurs should undergo some specialized training or take expert help before taking any decision so that they may save themselves from the bad effects of wrong decision making. Entrepreneurs should be motivated to fully utilize their capacities so that cost of production could be minimised and the revenues are enhanced for meeting the challenges of the time. It is a general practice that when the unit becomes sick its management does not bring it into the notice of the banks or financial institutions.

In case the financing institutions were taken into confidence at the initial stages when the problems and difficulties crop up, the diagnosis and treatment would certainly be much facile. When the sickness is in an advanced stage, it becomes difficult, more costly and expensive to screech the units back to healthy state. Therefore, it is advisable that the management should bring it into the knowledge of its financing agency at the initial stages itself and seek all types of help to regain the health.

CONCLUSIONS

The suggestions given to the concerned sick industrial unit, can go a long way in reviving the sick units and controlling the malaise of sickness. Realisation of the malady is important and accordingly preventive checks need to be maintained and also reviving the sick units to normal health should be a joint venture of all parties concerned i.e the unit, government, trade association, financial institutions. If the problem of sickness are properly studied and adequate measures are taken to eliminate the sickness, the Nation will make a stringent industrial progress.

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